

NATIONAL ASSOCIATION OF INVESTMENT COMPANIES

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Washington, D.C.

Vice President
JOHN K. THOMAS
National Association of Investment
Companies
Washington, D.C.

August 6, 1992

Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

MAIL BRANCH

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Dear Ms. Searcy:

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

On June 15, you received certain comments from this office regarding proposed changes as presented in MM Docket No. 92-51. Unfortunately, those comments were inadvertently mailed from this office prior to my final review.

As a matter of record, I would like to submit the revised comments which I have attached to this letter. They are identical for the most part with our original submission, but they correct and clarify our industry's position regarding security interests.

Please feel free to call me if you have any questions.

Sincerely,

JoAnn H. Price
JoAnn Price

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August 7, 1992

RECEIVED
AUG 10 1992
MAIL BRANCH

Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Re: MM Docket No. 92-51 - Comments

Dear Ms. Searcy:

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The National Association of Investment Companies (NAIC) is a trade association representing the minority venture capital industry. Over the last decade our members have increasingly targeted their investments in the broadcasting industry. Our industry has been the major source of capital for minority entrepreneurs in the broadcasting industry. The proposed changes, as presented in MM Docket No.92-51, would make it easier for our members to increase their investments in this growing industry.

The following comments will pay particular attention to the proposal to relax attribution rules and the proposal for broadcast lenders to perfect a security interest in a broadcast license.

Attribution Rules

The relaxation of attributions rules would provide Specialized Small Business Investment Companies (SSBICs) with increased flexibility in structuring potential investments. Many SSBICs have experience and the capital to invest in the broadcasting industry. However, they are being forced to forgo investment opportunities because of investment restrictions placed on the industry and the lack of potential syndication partners. This problem creates a gap between the minority broadcasting entrepreneur and the financial resources necessary to purchase a company.

If the attribution bench mark was relaxed it would allow SSBICs to purchase a larger equity stake in each venture. Additionally, this adjustment in FCC rules could increase the pool of potential investors. Investors who have traditionally stayed

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away from this industry because of such a low attribution benchmark might now consider the broadcasting industry as a viable investment opportunity.

The ability for the minority entrepreneur to raise capital from traditional sources continues to be difficult. In addition, minority businesses receive very little financing from regular SBICs. This means that the only source of capital now and in the foreseeable future will come from the SSBICs that have the expertise to invest in the broadcasting industry. Although the relaxation in attribution rules from 5% to 20% would be welcomed by all participants in the industry, we feel attribution should not be a factor until ownership reaches 50% ownership or more.

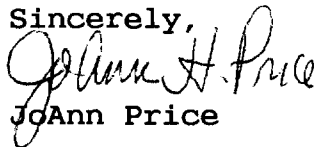
We would also like to comment on attribution rules as it applies to limited partnerships. By virtue of the rules and regulations binding limited partnerships, the partnership agreements provide sufficient insulation from influencing management. It is unlikely that the limited partners would deliberately band together in an effort to influence the management team.

Security Interest

There are a number of benefits to be gained by perfecting an interest in a broadcast license. For example, it would require that the industry place a definitive dollar value on the broadcast license. The value of the license could then be depreciated and the broadcasting company could take advantage of the tax benefits. In addition, this adjustment could bring additional debt into the industry. Certain lenders might find the ability to perfect a security interest an incentive to invest in this industry.

In summary, we appreciate the opportunity to respond to the adjustments being considered. We strongly urge the commission to seek ways of increasing the capital flows to the minority entrepreneur doing business in the broadcast industry.

Sincerely,

A handwritten signature in cursive script, reading "JoAnn H. Price".

JoAnn Price

****We acknowledge that these comments are not being filed within the date specified, however, as the principal trade association of the minority venture capital industry we feel it is important that our comments be heard.**